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Department of State

INCOMING TELEGRAM 97

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ACTION EUR-12

INFO OCT-01 ADS-00 INR-10 SS-15 CIAE-00 EB-08 EA-12
ICA-15 DODE-00 IO-15 NSAE-00 COME-00 TRSE-00 PA-02
STR-11 SP-02 SPRS-02 /105 W
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R 241543Z AUG 81
FM AMEMBASSY DUBLIN
TO SECSTATE WASHDC 7273
INFO USDA/FAS WASHDC
EC COLLECTIVE
AMEMBASSY MOSCOW
AMEMBASSY WELLINGTON
USMISSION GENEVA

UNCLAS DUBLIN 03482

FAS FOR WADSWORTH/DL. & P. DIV.

E.O. 12065: N/A
TAGS: EAGR, ETRD, EI
SUBJECT: IRISH REACTION TO US/NZ BUTTER SALE

1. THE FOLLOWING ARTICLE APPEARED IN THE "IRISH FARMERS. JOURNAL", AUGUST 22, 1981. THE ARTICLE PRESENTS A FAIRLY BALANCED ASSESSMENT OF THE SALE AND CONCLUDES THAT THE "EVENTUAL OUTCOME WAS THE MOST FAVORABLE." THE IFJ IS READ BY OVER 85 PERCENT OF IRISH FARMERS

2. "U.S. BUTTER DEAL WITH NEW ZEALAND.

- "BORD BAINNE HAS VERY MUCH STUCK ITS NECK
- OUT IN ITS BLUNT COMMENTS ON THE U.SI/
- NEW ZEALAND BUTTER DEAL.

- "WHILE IT.S FAR FROM BEING A STORM IN A
- TEACUP, THERE IS AFTER ALL 100 MILLION
- IRISH POUNDS WORTH OF BUTTER AT STAKE,
- IT DOES SEEM THAT THE BORD OVER-REACTED.
- UNDERSTANDABLY, THEY WERE DISAPPOINTED
- AT NOT GETTING SOME OF THE BUTTER THEM-
- SELVES, ALTHOUGH IT SHOULD BE POINTED
- OUT THAT THE BUTTER IS SALTED AND SO
- WOULD HAVE TO BE PROCESSED IF IT WAS
- TO GO TO RUSSIA, AS THE BORD CLAIM MOST
- OF IT IS DESTINED.

- "THE OPTIONS OPEN TO THE UNITED STATES WERE
- NOT VERY MANY AND THERE IS LITTLE DOUBT THAT
- FROM THE WORLD DAIRY MARKET POINT OF VIEW
- AND FROM THE LIKELY CONSEQUENCES ON THE EEC
- BUDGET, THE EVENTUAL OUTCOME WAS THE MOST
- FAVORABLE.

- "NEW ZEALAND HAS OBVIOUSLY GOT TO BE EXTREMELY
- CAREFUL IN DISPOSING OF SUCH A MASSIVE AMOUNT
- OF BUTTER, THAT IT DOES NOT RUIN THE DEMAND
- FOR THEIR OWN PRODUCE.

- "MEANWHILE, UNOFFICIALLY THE EEC COMMISSION
- HAS CONFIRMED THAT THEY WERE KEPT INFORMED
- AT ALL STAGES OF THE NEGOTIATIONS, BUT THAT
- THEY TOTALLY RESERVED THEIR RIGHT TO TAKE
- WHATEVER ACTION WAS NECESSARY TO ENSURE THAT
- EEC DAIRY PRODUCERS DID NOT SUFFER IN ANY
- WAY AND ADDED THAT IF THE WORLD MARKET PRICE
- FELL SUBSTANTIALLY THEN EEC EXPORT REFUNDS
- WOULD BE INCREASED TO MAINTAIN RETURNS.

- "IRONICALLY, JUST LAST WEEK-END THE EXPORT
- REFUNDS ON BUTTER AND SKIM POWDER WERE
- REDUCED AGAIN AS WORLD MARKET PRICES CONTINUED
- THEIR STEADY CLIMB RECENTLY THIS CLIMB HAS
- BEEN MORE BECAUSE OF THE STRENGTH OF THE
- DOLLAR RATHER THAN ANY REAL INCREASE IN PRICE.

- "THE SALE AROSE BECAUSE OF THE ENORMOUS
- SURPLUS THAT.S RAPIDLY ACCUMULATING IN THE
- U.S. BECAUSE OF THEIR HIGH MILK PRICES.
- DAIRY PRICES THERE ARE 90 PENCE A GALLON
- WITH MEAL PRICES SIGNIFICANTLY LOWER THAN
- HERE. "RUSHING

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